

The operation of an annual rabies clinic by an association of veterinarians will not preclude exemption from Federal income tax of the association under section 501(c)(6) of the Internal Revenue Code of 1954 where the members donate their services and supplies and reduced fees are charged to the public.

Advice has been requested whether the organization described below may qualify for exemption from Federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code of 1954.

The organization was formed to do charitable work in veterinary medicine and to promote the professional interest of its members. It holds regular meetings at which matters of interest to veterinarians are presented. Also, at the request of the public authorities the organization sponsors annual rabies clinics. Each member donates his services and supplies for this function on a rotating basis. The public is charged a reduced fee for the services performed at the clinic. If a person is unable to pay, the service is performed free. All fees go to the organization and constitute its sole source of income. The members pay no dues.

Section 1.501(c)(6)-1 of the Income Tax Regulations describes a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit.

By its sponsorship of the rabies clinic in the manner described, the organization is performing a service to the public which is related to and in furtherance of its purposes as a professional organization. Such activity is not inconsistent with section 501(c)(6) of the Code. Under these circumstances, the organization is not engaged in a business ordinarily carried on for profit notwithstanding the fact that the rabies clinic is its only source of income.

Accordingly, the organization qualifies for exemption from Federal income tax as an organization described in section 501(c)(6) of the Code.

An organization which considers itself within the scope of this Revenue ruling must, in order to establish exemption under section 501(c)(6) of the Code, file an application on Form 1024, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.